
A BILL FOR AN ACT

RELATING TO EMPLOYMENT SECURITY LAW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to provide for a
2 mechanism for collecting special assessments from employers in a
3 fair and equitable manner to pay for interest on unpaid Social
4 Security Act, Title XII loans that are due on September 30,
5 2011. Act 2, passed during the Regular Session of 2010,
6 assisted employers by providing relief from a scheduled increase
7 in the unemployment insurance contribution rates for the 2010
8 and 2011 calendar years. This action, however, contributed to
9 the insolvency of the unemployment trust fund beginning in
10 December 2010 and required the State of Hawaii to borrow moneys
11 from the federal government to pay unemployment insurance
12 benefits. The employment and training fund is the only cost
13 effective mechanism available to charge a surtax on the
14 employer. It is for this reason that the current law must be
15 amended to include the payment of interest on Title XII loans
16 advanced under the provisions of Section 1202(b) of the Social
17 Security Act, as amended, as one of the uses of the employment
18 and training fund and to expand the assessment on all employers.



1 The surtax must be included in the notices that are mailed out
2 to the employers in early March of each year in order for the
3 State to make timely payment on the interest due.

4 SECTION 2. Section 383-128, Hawaii Revised Statutes, is
5 amended by amending subsection (b) to read as follows:

6 "(b) The moneys in the employment and training fund may be
7 used for funding:

- 8 (1) The operation of the state employment service for
9 which no federal funds have been allocated;
- 10 (2) Business-specific training programs to create a more
11 diversified job base and to carry out the purposes of
12 the new industry training program pursuant to section
13 394-8;
- 14 (3) Industry or employer-specific training programs where
15 there are critical skill shortages in high growth
16 occupational or industry areas;
- 17 (4) Training and retraining programs to assist workers who
18 have become recently unemployed or are likely to be
19 unemployed;
- 20 (5) Programs to assist residents who do not otherwise
21 qualify for federal or state job training programs to
22 overcome employment barriers; [~~and~~]



1 (6) Training programs to provide job-specific skills for
2 individuals in need of assistance to improve career
3 employment prospects[-]; and

4 (7) The payment of interest due on Title XII advances made
5 under the provisions of Section 1202(b) of the Social
6 Security Act, as amended, to the unemployment
7 compensation fund."

8 SECTION 3. Section 383-129, Hawaii Revised Statutes, is
9 amended by amending subsection (a) to read as follows:

10 "(a) In addition to contributions determined by section
11 383-68, every employer, except an employer who has selected an
12 alternative method of financing liability for unemployment
13 compensation benefits pursuant to section 383-62 [~~, or an~~
14 ~~employer who has been assigned a minimum rate of zero per cent~~
15 ~~or the maximum rate of five and four tenths per cent in~~
16 ~~accordance with section 383-68]~~, shall be subject to an
17 employment and training fund assessment at a rate of .01 per
18 cent of taxable wages as specified in section 383-61. If
19 interest is due on a Title XII advance under the provisions of
20 Section 1202(b) of the Social Security Act, as amended, the
21 employment and training fund assessment shall be increased to
22 pay the interest due; provided that if interest payments on a



1 Title XII advance are waived by federal law, all employers who
2 have paid the increased employment and training assessment rate
3 for the corresponding period of the waiver shall be refunded the
4 amount paid. The director shall have the discretion to
5 determine the amount of the increase in the employment and
6 training assessment rate for the calendar year 2011. The
7 increase in the employment and training assessment rate shall be
8 in increments of .01 per cent."

9 SECTION 4. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 5. This Act shall take effect upon its approval
12 and shall apply retroactively to January 1, 2011; provided that
13 on January 1, 2012, this Act shall be repealed and sections 383-
14 128 and 383-129, Hawaii Revised Statutes, are reenacted in the
15 form in which they read on December 31, 2010.



Report Title:

Employment Security

Description:

Provides for payment of interest due on Title XII loans from the Employment and Training Fund. Authorizes the Director of Labor and Industrial Relations to increase the Employment and Training Fund assessment in increments of .01 per cent retroactive to January 1, 2011. (HB1077 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

